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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 33249

FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2003 AND ENDING 12/31/2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Sawo Securities, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

7530 Lucerne Drive, Suite 101

(No. and Street)

Cleveland

Ohio

44130

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Paul Madow (440) 234-7000 ext. 145
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mayer Hoffman McCann P.C.

(Name - if individual, state last, first, middle name)

6050 Oaktree Blvd., Suite 500

Cleveland

Ohio

44131

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

PROCESSED

AUG 19 2004

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THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Paul Madow, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Sawo Securities, Inc., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

[Signature]
Signature

President
Title

Carmela D. Massinen

Notary Public
CARMELA D. MASSINEN

NOTARY PUBLIC, STATE OF OHIO
Recorded in Cuyahoga County



This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

SAWO SECURITIES, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2003

SAWO SECURITIES, INC.

Year Ended December 31, 2003

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The logo consists of the letters "MHM" in a bold, white, sans-serif font, centered within a solid black square.

Mayer Hoffman McCann P.C.

An Independent CPA Firm

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INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS

SAWO SECURITIES, INC.

We have audited the accompanying statement of financial condition of SAWO Securities, Inc. (the "Company") as of December 31, 2003, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAWO Securities, Inc. as of December 31, 2003 and the results of its operations, and its cash flows for the year then ended in conformity with U.S. generally accepted auditing standards.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying computation of net capital at December 31, 2003 under Rule 15c3-1 of the Securities and Exchange Commission is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mayer Hoffman McCann P.C.".

Cleveland, Ohio
January 13, 2004

SAWO SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2003

ASSETS

Cash		\$	20,980
Accounts receivable – fees and commissions			<u>5,000</u>
Current assets			25,980
PROPERTY AND EQUIPMENT – AT COST			
Equipment	\$	2,298	
Less: Accumulated depreciation		<u>(2,298)</u>	-
ADVANCE FROM AFFILIATE			<u>867</u>
		\$	<u>26,847</u>

SHAREHOLDER'S EQUITY

COMMON STOCK			
Class A			
No par value			
Authorized	- 100 shares		
Issued and outstanding	- 50 shares	\$	12,500
PAID-IN CAPITAL			6,885
RETAINED EARNINGS			<u>7,462</u>
		\$	<u>26,847</u>

The accompanying notes are an integral part of these financial statements.

SAWO SECURITIES, INC.

STATEMENT OF INCOME

Year Ended December 31, 2003

REVENUE		
Commissions		\$ 10,000
Interest income		<u>92</u>
		10,092
OPERATING EXPENSES		
Professional fees	\$ 1,300	
Licenses and taxes	4,062	
Office and miscellaneous	<u>31</u>	<u>5,393</u>
NET INCOME BEFORE INCOME TAXES		4,699
PROVISION FOR INCOME TAXES		<u>733</u>
NET INCOME		<u>\$ 3,966</u>

The accompanying notes are an integral part of these financial statements.

SAWO SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

Year Ended December 31, 2003

Stockholder's equity – January 1, 2003	\$ 22,881
Net income	<u>3,966</u>
Stockholder's equity – December 31, 2003	<u>\$ 26,847</u>

The accompanying notes are an integral part of these financial statements.

SAWO SECURITIES, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 3,966
Cash used in changes in the following item:	
Increase in accounts receivable – fees and commissions	(5,000)
Decrease in income taxes payable	<u>(72)</u>
Net cash used in operating activities	(1,106)
Cash – beginning of year	<u>22,086</u>
Cash – end of year	<u>\$ 20,980</u>

The accompanying notes are an integral part of these financial statements.

SAWO SECURITIES, INC.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Organization

SAWO Securities, Inc. (the Company) was organized under the laws of the State of Ohio on December 26, 1984 to operate as a broker-dealer in securities. The stock of SAWO Securities, Inc. was purchased by Deerfield Estates, Inc. on June 5, 1998.

Equipment and Depreciation

Equipment is stated at cost and is depreciated using an accelerated method over a 5-year estimated life.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Concentration of Credit Risk

The Company maintains its cash balances at a local financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. All balances were insured at December 31, 2003.

2. Net capital requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2003, the Company had net capital of \$20,980, which was \$15,980 in excess of its required net capital of \$5,000. The Corporation's net aggregate indebtedness to capital ratio was 0 to 1.

3. Income taxes

SAWO Securities, Inc. filed a final federal tax return for the period ended June 5, 1998, the date of purchase by Deerfield. Taxable income or loss is currently reported on the consolidated corporate Federal income tax return of Deerfield Estates, Inc. in its fiscal year which ends February 28. A provision for federal income taxes in the amount of \$733 has been made to accrue for the current estimable portion of income taxes attributed to SAWO Securities at December 31, 2003.

ADDITIONAL INFORMATION

SAWO SECURITIES, INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF
THE SECURITIES AND EXCHANGE COMMISSION

December 31, 2003

TOTAL ASSETS	\$ 26,847
Less: Nonallowable assets	
Accounts receivable – fees and commissions	(5,000)
Intercompany advance	(867)
Less: Total liabilities	<u>-</u>
Net capital before deduction	20,980
DEDUCTIONS FROM NET CAPITAL	
Equipment – net of depreciation	<u>-</u>
Net capital	20,980
Less: Minimum net capital required	<u>5,000</u>
EXCESS NET CAPITAL	<u>\$ 15,980</u>

* There are no material differences between the net capital computed by the firm and the independent auditors.

See the accompanying Independent Auditor's report.